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THE CHALLENGES OF HOST COMMUNITIES IN THE MANAGEMENT OF 'DEVELOPMENT TRUST' ESTABLISHED UNDER THE NIGERIAN PETROLEUM INDUSTRY ACT 2021

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Abstract
The relationship between petroleum host communities and Nigeria's oil and gas industry has been defined by enduring tensions, problems associated with environmental degradation, and struggles for equitable benefit-sharing. Host communities in the Niger Delta bear the full social and environmental costs of petroleum extraction while historically receiving minimal direct benefits, a paradox that has fueled decades of agitation evolving from peaceful petitions to organized social movements and armed militancy. This article traces that historical trajectory, examines the institutional responses through intervention agencies, critically evaluates the Global Memorandum of Understanding (GMOU) model as a corporate social responsibility innovation, and analyses the Host Communities Development Trust framework introduced by the Petroleum Industry Act 2021 as the most comprehensive legislative response to community grievances. The article further situates Nigeria's approach within a comparative framework drawing on the experiences of Norway, Brazil, Alaska, Canada, the United Arab Emirates, Indonesia, Angola, and Ghana. The authors argued that while the Host Communities Development Trust represented a significant normative advancement. The paper therefore concluded that the success of the development trust depends on transparent implementation, genuine community empowerment, robust regulatory oversight, and sustained political commitment to avoiding the corruption and elite capture that undermined previous interventions.

Keywords: Host Communities, Niger Delta, development trust, Corporate Social Responsibility, Benefit-Sharing, Environmental Justice

1. Introduction

The relationship between oil-producing host communities and Nigeria's petroleum industry has been characterised by enduring tensions, conflicts, and struggles for recognition and equitable benefit-sharing. Host communities, predominantly located in the Niger Delta region, bear the environmental and social costs of petroleum extraction while historically receiving minimal direct benefits from the exploitation of resources beneath their lands.

This paradox, wherein communities hosting petroleum operations experience environmental degradation, disruption of livelihoods, and socio-economic marginalisation despite the immense wealth generated from their territories, has fuelled decades of agitation that evolved from peaceful petitions to organised social movements and, ultimately, to armed militancy.[1]

Government responses through dedicated intervention agencies, though well-intentioned in conception, have been chronically undermined by corruption, political interference, and weak accountability. The Global Memorandum of Understanding (GMOU) model, pioneered by oil companies in the mid-2000s, introduced elements of community participation and transparency but encountered its own significant limitations. The Petroleum Industry Act 2021 now introduces the Host Communities Development Trust as the most comprehensive legislative response to these longstanding grievances.

This article traces the historical trajectory of host community agitation, examines institutional responses and their failures, evaluates the GMOU model, analyses the Host Communities Development Trust framework, and draws comparative perspectives from eight other oil-producing jurisdictions. It argues that the framework's success will depend not on its legal architecture alone, but on the political will, institutional integrity, and civic vigilance with which it is implemented.

2. History of Host Community to Crude oil Agitation in Nigeria

The agitation by host communities in Nigeria's oil-producing regions has deep historical roots tracing back to the earliest decades of petroleum exploitation. From

[1]Ike Okonta and Oronto Douglas, *Where Vultures Feast: Shell, Human Rights, and Oil in the Niger Delta* (Sierra Club Books 2001) 45.

the commencement of commercial oil production in the late 1950s, communities in the Niger Delta observed that while their lands yielded enormous wealth for the Nigerian state and multinational oil companies, they themselves remained impoverished, their environments degraded, and their concerns ignored.[2]

The 1990s marked a watershed with the emergence of organised social movements that articulated community grievances within broader frameworks of human rights, environmental justice, and resource control. The Movement for the Survival of the Ogoni People (MOSOP), led by Ken Saro-Wiwa, brought international attention to the environmental devastation caused by decades of oil operations in Ogoniland and the complicity of multinational corporations in perpetuating environmental injustice.[3]

The Ogoni struggle culminated in the execution of Ken Saro-Wiwa and eight other Ogoni activists in November 1995, an event that sparked international condemnation and Nigeria's suspension from the Commonwealth. Despite its tragic conclusion, the campaign succeeded in galvanising awareness about the Niger Delta crisis and inspired similar movements among the Ijaw, Itsekiri, Urhobo, and Ibibio communities.[4]

The transition to civilian democracy in 1999 did not bring the anticipated improvements in host community conditions. Frustrations intensified as democratic governance failed to translate into meaningful development or redress of historical injustices. This disillusionment fuelled the radicalisation of youth movements, many of which abandoned peaceful advocacy in favour of armed militancy. Groups such as the Movement for the Emancipation of the Niger Delta (MEND) and the Niger Delta Avengers engaged in attacks on oil installations, kidnapping of oil workers, and sabotage of pipelines as strategies to compel attention to community demands.[5]

The Presidential Amnesty Programme, launched in 2009, offered pardons, financial stipends, and vocational training to former militants who surrendered their weapons. While the programme achieved temporary reductions in militancy and production

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[3] Augustine Ikelegbe, 'The Economy of Conflict in the Oil Rich Niger Delta Region of Nigeria' (2005) 5(1) *Nordic Journal of African Studies* 23

[4] Jedrzej George Frynas, 'Political Instability and Business: Focus on Shell in Nigeria' (1998) 19(4) *Third World Quarterly* 457.

disruptions, it did not address the underlying structural issues of environmental degradation, unemployment, and underdevelopment that continue to drive community grievances.[6]

Throughout the various phases of agitation, host communities have consistently articulated three core demands. First, they demand environmental remediation and restoration of lands and water bodies damaged by petroleum operations. Second, they demand direct participation in decision-making processes affecting petroleum operations on their lands, rejecting the historical pattern of unilateral decisions by governments and companies without meaningful consultation. Third, they demand equitable benefit-sharing arrangements ensuring direct and substantial benefits from petroleum resources extracted from their territories, contesting fiscal arrangements whereby revenues accrue overwhelmingly to the federal government with minimal allocations reaching oil-producing communities.

3. Institutional intervention in the Niger Delta

In response to escalating agitation and violence, successive Nigerian governments established intervention agencies tasked with addressing the developmental challenge facing oil-producing communities. These agencies were conceived as backend institutional mechanisms affording federal resources to ameliorate socio-economic conditions in the region.

I. The Oil Mineral Producing Areas Development Commission[7]

OMPADEC was established by Decree No. 23 of 1992 as the first dedicated institutional framework specifically designed to channel federal resources to the Niger Delta region.[8] However, the Commission was plagued by chronic underfunding, corruption, and mismanagement, with allegations of contract inflation, diversion of funds, and political interference in project selection. Many projects were abandoned midway due to funding shortfalls, leaving communities with incomplete infrastructure. By the late 1990s, OMPADEC had become widely viewed as a failed experiment, eventually dissolved following the return to civilian rule in 1999.

[6] Isaac Osuoka, 'Paying the Price: Communities, Rights and Corporate Responsibility' (2007) 3 *Journal of Asian and African Studies* 135.
[7] [Hereafter, as OMPADEC]
[8] Oil Mineral Producing Areas Development Commission (OMPADEC) Decree No 23 of 1992.

II. The Niger Delta Development Commission[9]

The NDDC was established by the Niger Delta Development Commission Act 2000 to supersede OMPADEC and provide a more comprehensive and better-funded approach to the region's developmental challenges.[10] The Act mandates the Commission to formulate policies and guidelines for the development of the Niger Delta, coordinate and monitor the activities of oil and gas companies, and assess projects funded in the region. It grants the NDDC significantly enhanced funding, including 15% of the total monthly statutory allocations due to member states from the Federation Account and 3% of the total annual budget of any oil-producing company operating in the region.[11]

Despite the ambitious mandate and enhanced funding, NDDC's performance has been deeply disappointing. Over two decades after its establishment, the Commission has become synonymous with corruption, inefficiency, and failure to deliver meaningful development outcomes.[12] The forensic audit report submitted in 2021 revealed staggering levels of mismanagement, documenting thousands of abandoned projects, payments made without corresponding project deliverables, and procurement irregularities totalling billions of naira.[13] The revelations confirmed that NDDC had become a vehicle for political patronage and elite enrichment rather than a genuine development agency.[14]

4. Framework on checking crisis in the Niger Delta

There are noticeable frameworks both national and international focused on checking the crisis in the Niger Delta region of Nigeria. They include judicial intervention and Global Memorandum of Understanding Model.[15]

[9] [Hereafter, The NDDC]

[10] Niger Delta Development Commission Act No 6 of 2000, s 2.

[11] Niger Delta Development Commission Act 2000, S 7

[12] Ibrahim Bello Kuchazi, 'Evaluation of the Performance of Niger Delta Development Commission (NDDC) in the Development of the Niger Delta Region' (2015) 5(4) *European Scientific Journal* 456

[13] Nicholas Ibekwe and Yemi Adebowale, 'How NDDC Squandered N6 Trillion in 19 Years' *Premium Times* (Lagos, 20 July 2019).

[14] Senate Committee on Niger Delta, *Report on the Forensic Audit of Niger Delta Development Commission* (National Assembly 2020).

[15] [Hereafter, The GMOU]

I. Judicial intervention

The inadequacies of institutional responses have prompted communities to resort to litigations as a strategy to compel accountability. In *Jonah Gbemre v Shell Petroleum Development Company Nigeria Limited*, the Federal High Court held that gas flaring violated the constitutional rights of affected communities to life and dignity of the human person, and ordered Shell to cease flaring operations.[16] Although compliance with this judgment has been inconsistent, the case established an important precedent affirming that communities possess enforceable rights against environmental harm caused by petroleum operations.[17]

II. Global Memorandum of Understanding Model[18]

Parallel to interventions by government agencies as well as the judiciary, multinational oil companies developed their own mechanisms for engaging with host communities. The GMOU model emerged in the mid-2000s as an innovative approach to community development that sought to address some of the shortcomings of previous corporate social responsibility practices.

a. Key Features of the GMOU Framework

The GMOU model possesses several distinctive features. It operates on a cluster basis, grouping multiple communities within a geographical area into a single partnership framework to enable economies of scale and regional planning. It establishes Community Development Boards (CDBs) comprising representatives elected by participating communities to serve as the institutional interface between the oil company and the communities. GMOUs typically span multi-year periods, commonly five years, during which the oil company commits to providing specified annual funding, thereby enabling longer-term planning and investment in sustainable projects.[19]

b. Implementation Experiences and Outcomes

The implementation of GMOUs has produced mixed results. In clusters where the model functioned well, communities reported greater satisfaction with development outcomes, with participatory planning processes enabling them to prioritise projects

[16] Jonah Gbemre v Shell Petroleum Development Company Nigeria Limited (2005) AHRLR 151 (NgHC 2005)

[17] Effiong Johnson and Others v Shell Petroleum Development Company (2011) LPELR-8937 (CA)

[18] [Hereafter, The GMOU]

[19] Aaron Weiss, 'The Global Memorandum of Understanding in the Nigerian Oil Sector: An Alternative to Litigation?' (2013) 42 *Georgia Journal of International and Comparative Law* 223

aligned with their actual needs. The transparency requirements embedded in GMOUs enhanced accountability compared to earlier opaque funding arrangements.

However, the model encountered significant challenges. One persistent problem involved elite capture, wherein traditional rulers or political elites dominated Community Development Boards and manipulated project selection to serve personal interests rather than community-wide priorities. Capacity deficits within CDBs also hindered effective implementation, as many board members lacked the technical skills to evaluate project proposals, monitor contractor performance, or manage financial resources prudently.[20]

Disputes regarding the adequacy of funding further strained the GMOU relationship, with communities arguing that committed amounts were insufficient relative to the scale of developmental needs and the magnitude of profits generated from petroleum operations. Sustainability concerns regarding post-completion maintenance of facilities also proved a persistent challenge, with many facilities falling into disrepair within years of commissioning.[21]

5. The Host Communities Development Trust under the Petroleum Industry Act 2021

Notwithstanding the above interventions, there is the Petroleum Industry Act 2021 which introduced a comprehensive legal framework for host community development marking a significant departure from previous voluntary and ad-hoc approaches. Chapter 3 of Part III of the Act establishes the Host Communities Development Trust as a mandatory mechanism through which petroleum operators must contribute to the sustainable development of communities directly affected by their operations.[22]

I. Statutory provisions and institutional framework

Section 234 of the Act defined a host community as a community that is directly affected economically, socially, or environmentally by petroleum operations in an oil-producing area.[23] The Act required every upstream petroleum company to incorporate

[20] Uwafiokun Idemudia, 'Corporate-Community Engagement Strategies in the Niger Delta: Some Critical Reflections' (2014) 91, *The Extractive Industries and Society* 154

[21] SPDC v Chief Graham Otoko & Ors. (2014) LPELR-22595 (CA)

[22] Petroleum Industry Act 2021, S. 234

a Host Communities Development Trust for the benefit of its host communities. The Trust is established as a legal entity with perpetual succession, capable of suing and being sued, acquiring and holding property, and entering into contracts.[24]

The Trust is governed by a Board of Trustees comprising representatives of host communities elected or selected in accordance with procedures approved by the regulatory authority, representatives of relevant state governments, and a representative of the settlor company. Critically, community representatives constitute the majority on the Board of Trustees, ensuring that host communities exercise substantial control over the governance of the Trust and the allocation of its resources.[25]

II. Funding Obligations and Resource Allocation

The Act mandates that settlor companies contribute an annual sum equivalent to 3% of their actual annual operating expenditure of the preceding financial year to the Trust.[26] This contribution is a statutory obligation, not a discretionary corporate social responsibility gesture. The 3% formula ties the contribution directly to the scale of the company's operations, ensuring that larger operations with greater environmental and social footprints provide correspondingly larger contributions.

The funds are to be applied towards the implementation of sustainable development programmes including provision of infrastructure, social services, economic empowerment initiatives, educational programmes, and environmental remediation projects. Financial statements of the Trust must be audited annually by independent auditors and submitted to the relevant regulatory authority and the host communities.[27]

III. Governance, Transparency, and Accountability Mechanisms

The Act incorporates several provisions designed to enhance governance, transparency, and accountability. The requirement for regulatory approval of procedures for selecting community representatives seeks to prevent manipulation of

[24] Ibid, S 235

[25] Ibid, S. 240

[26] Ibid, S. 257

[27] Ibid, S. 243

selection processes by elite interests.[28] All procurement activities by the Trust must comply with public procurement standards, subjecting expenditures to regulatory oversight and reducing opportunities for corrupt practices.

The relevant regulatory authority is empowered to monitor the activities of Host Communities Development Trusts and intervene in cases of mismanagement, financial impropriety, or failure to comply with statutory requirements. These oversight mechanisms aim to prevent the type of systemic corruption and mismanagement that characterised previous intervention agencies such as NDDC.

IV. Controversies and Implementation Challenges

Despite its progressive features, the framework has been accompanied by controversies. Many host community groups and civil society organisations argue that 3% of operating expenditure is grossly inadequate given the scale of environmental damage and developmental needs in oil-producing areas, contrasting it with the 13% derivation allocation provided to oil-producing states under Nigeria's fiscal arrangements.[29]

Critics also note that the 3% is calculated on operating expenditure rather than revenues or profits, potentially resulting in lower absolute contributions. Legal disputes have already arisen regarding implementation.[30] The definition and identification of host communities also leaves room for disputes about which communities qualify for inclusion, and the risk of elite capture within Trust governance structures remains a serious concern that could replicate the failures of the GMOU model.[31]

[28] Ibid, S 245

[29] Benjamin Maiangwa and Cyril Obi, 'Oil, Resources and Development Conflicts in Nigeria's Niger Delta: A Critical Analysis of the Petroleum Industry Bill' (2021) 51(3) *Africa Development* 125.

[30] Host Communities of Nigeria Producing Oil and Gas v Federal Government of Nigeria (2021) Unreported Suit No FHC/ABJ/CS/1313/2021

[31] Nnamdi Dimgba, 'The Host Community Provisions under the Petroleum Industry Act 2021: A Game Changer?' (2022) 8 *Business Law Review* 89

6. The interaction between Corporate Social Responsibility and Host Community Development

Examinations of host community development framework in other oil-producing jurisdictions provide valuable comparative perspective. This section surveys eight jurisdictions, highlighting the regulatory mechanisms employed and positive outcomes achieved. Thereafter, lessons drawn from above will be applied to Nigeria.

6.1 Selected comparative jurisdictions

I. Norway: Comprehensive Social Welfare and Environmental Stewardship

Norway's approach reflects a comprehensive social welfare model undergirded by strong institutions, robust environmental regulation, and transparent governance. The Norwegian Petroleum Act imposes stringent environmental protection obligations on operators and requires extensive consultation with affected stakeholders prior to awarding licences or approving development plans.[32] Rather than relying on direct corporate contributions to local communities, petroleum revenues accrue to the state and are managed through the Government Pension Fund Global, financing Norway's universal social welfare system.[33] The Norwegian experience illustrates an alternative model wherein broad-based social welfare provision serves as the primary mechanism for ensuring that resource wealth benefits the population, including host communities.

II. Brazil: Municipal Revenue Sharing and Royalty Distribution

Brazil's framework includes explicit provisions for sharing royalties with states and municipalities where petroleum production occurs.[34] Law No. 7990 of 1989 specifies the distribution formula, ensuring that local governments in oil-producing areas receive substantial fiscal resources.[35] However, Brazil's experience also reveals challenges associated with large influxes of petroleum revenues to local governments, including increased corruption, wasteful expenditure, and failure to invest in

[32]Norwegian Petroleum Act 1996, s 10-12.
[33]Oystein Noreng, *Crude Power: Politics and the Oil Market* (IB Tauris 2002) 112.
[34]Brazilian Petroleum Law No 9.478 of 1997, Art 45.
[35]Law No 7.990 of 1989 (Brazil) - Participation of States and Municipalities in Petroleum Revenues.

sustainable economic diversification. Legal disputes have also arisen concerning the distribution formula.[36]

III. Alaska, United States: The Permanent Fund Dividend Model

Alaska's Permanent Fund, established in 1976, receives a portion of petroleum revenues and distributes a portion of annual returns directly to Alaska residents as Permanent Fund Dividends, providing a form of universal basic income funded by petroleum wealth.[37] The model directly transfers resource wealth to citizens rather than channelling it through government agencies, reducing opportunities for corruption. However, it does not specifically address the needs of communities most directly affected by petroleum operations, and critics argue it reduces resources available for long-term public investments.[38]

IV. Canada (Alberta): Indigenous Consultation and Impact and Benefit Agreements

In Alberta, there is an extensive consultation and accommodation requirements which effectively compel operators to negotiate benefits agreements with Indigenous communities as conditions for obtaining regulatory approvals. Many petroleum companies have entered into Impact and Benefit Agreements (IBAs) with Indigenous communities, providing employment opportunities, training programmes, and financial compensation in exchange for community consent to operations.

The Supreme Court of Canada's landmark decision in *Haida Nation v British Columbia* affirmed that government has a duty to consult Indigenous communities and accommodate their interests when making decisions that may adversely affect Indigenous rights.[39] The Alberta approach reflects a market-oriented framework wherein community benefits are negotiated through private contracts rather than mandated by statute, a model that creates disparities between communities with strong and weak negotiating capacity.

V. United Arab Emirates: State-Led Development and National Employment Prioritisation

The UAE government use petroleum revenues to finance comprehensive development programmes, including world-class infrastructure, healthcare, education, and social

[36] State of Rio de Janeiro v Federal Republic of Brazil, STF ADI 4917, decided 6 December 2018.
[37] Alaska Statutes Title 43, Chapter 23 - Permanent Fund Dividend.
[38] Scott Goldsmith, 'The Alaska Permanent Fund Dividend: A Case Study in Implementation of a Basic Income Guarantee' (Institute of Social and Economic Research, University of Alaska 2010).
[39] Haida Nation v British Columbia (Minister of Forests) [2004] 3 SCR 511, 2004 SCC 73

services that benefit Emirati citizens across the federation. The state-owned ADNOC implements corporate social responsibility programmes focused on education, healthcare, environmental conservation, and cultural heritage preservation.[40] The UAE's Emiratisation policy mandates that companies prioritise employment of UAE nationals and invest in training programmes to develop local human capital, representing another mechanism through which host populations benefit from petroleum operations.

VI. Indonesia: Community Development Obligations

Indonesia's Oil and Gas Law impose explicit obligations on petroleum contractors to allocate a portion of their budgets to Community Development and Partnership Programmes in areas where they operate.[41] The Indonesian framework shares similarities with Nigeria's Host Communities Development Trust in mandating corporate contributions to community development, although Indonesia's implementation has been characterised by greater flexibility and less prescriptive institutional structures. Evaluations reveal mixed outcomes, with challenges including lack of coordination between contractors and government agencies, inadequate community consultation, and sustainability concerns regarding maintenance of completed facilities.

VII. Angola: Corporate Social Responsibility and Local Content Integration

The petroleum Activities Law of Angola obligate concessionaires and contractors to contribute to the socio-economic development of Angola through investments in health, education, infrastructure, and training programmes.[42] Angola's approach integrates corporate social responsibility obligations with local content requirements, creating synergies between efforts to maximise Angolan participation in petroleum operations and initiatives to promote community development. However, implementation has been hampered by weak regulatory oversight, limited transparency, and the dominance of elite interests.

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[40] Abu Dhabi National Oil Company, *Sustainability and Community Development Strategy 2020-2030* (ADNOC Publications 2020) 45

[41] Indonesian Oil and Gas Law No 22 of 2001, Art 13

[42] Angolan Petroleum Activities Law 10/04 of 2004, Art 62

VIII. Ghana: Transparency in Resource Revenue Management

Ghana's Petroleum Revenue Management Act 2011 established a comprehensive framework for the collection, allocation, and utilisation of petroleum revenues with strong emphasis on transparency and accountability, including oversight by the Public Interest and Accountability Committee and regular reporting to Parliament.

Ghana's experience highlights the importance of civic engagement in petroleum revenue management.[43] The debates surrounding Ghana's revenue management offer insights relevant to Nigeria's implementation of the Host Communities Development Trust, particularly concerning the balance between local autonomy and central oversight, the role of civil society in monitoring resource utilisation, and the importance of linking petroleum revenues to measurable development outcomes.

6.2 Comparative Lessons for Nigeria

The adumbrated survey of framework across eight jurisdictions revealed that no single model is universally superior, and each approach entail a trade-off between equity, efficiency, local autonomy, and centralised oversight. However, several common lessons emerge.

First, transparency and accountability mechanisms are critical to preventing corruption. Second, community participation in decision-making enhances the relevance and sustainability of development interventions. Third, balancing immediate community benefits with long-term sustainability requires thoughtful institutional design, as illustrated by Alaska's and Norway's savings mechanisms.[44] Finally, legal frameworks alone are insufficient; implementation capacity, political will, institutional integrity, and civic vigilance are equally important.[45]

7. Conclusion

The authors have demonstrated the role of host communities in Nigeria’s Oil and Gas industry as well as examined the host communities development trust established under the PIA. The paper found that host communities have historically borne the environmental, social and economic burden associated with petroleum exploration

[43] Isaac Otchere and Leyla Gunduz, 'Petroleum Revenue Management in Ghana: Assessment of the Effectiveness of the Framework' (2014) 6 *Energy Policy Research* 45.
[44] Extractive Industries Transparency Initiative, *The EITI Standard 2019*, Requirement 6.1.
[45] Nigerian Extractive Industries Transparency Initiative Act 2007, s 2.

and exploitation in the oil producing communities in Nigeria, including environmental degradation, loss of livelihoods, inadequate infrastructure and social unrest, despite contributing significantly to Nigeria petroleum wealth. The place of host communities in Nigeria's oil and gas industry has been defined by a long and painful history of marginalisation, environmental degradation, and struggle for recognition and equitable benefit-sharing. This fundamental injustice fuelled decades of agitation that exacted heavy costs in human lives, environmental damage, production losses, and national development.

Government responses through OMPADEC and NDDC, though well-intentioned in conception, were undermined by chronic underfunding, corruption, and political interference. The GMOU model represented an important innovation by introducing elements of community participation, transparency, and strategic planning, but encountered significant challenges including elite capture, capacity deficits, and sustainability concerns.

The Host Communities Development Trust represents the most comprehensive and progressive legal framework yet enacted for ensuring that petroleum host communities benefit directly and substantially from operations conducted on their lands. By establishing community development funding as a statutory obligation, creating institutional structures with majority community representation, and incorporating transparency and accountability requirements, the Act offers genuine potential to address historical injustices.[46]

However, the success of this framework is not guaranteed. Avoiding the failures that have characterised previous interventions will require sustained vigilance, robust regulatory oversight, genuine community empowerment, and unwavering commitment to the principles of transparency and accountability enshrined in the Act.[47]

Comparative examination of approaches in Norway, Brazil, Alaska, Canada, the UAE, Indonesia, Angola, and Ghana reveals that diverse models can achieve positive outcomes when undergirded by strong institutions, political commitment, and civic engagement. Whether Nigeria's Host Communities Development Trust joins the ranks of successful resource governance innovations or becomes yet another failed

[46] Amnesty International, 'Nigeria: Petroleum, Pollution and Poverty in the Niger Delta' (2009) AFR 44/017/2009.

experiment will depend on the choices made by all stakeholders, including host communities, operators, regulatory authorities, civil society, and the broader Nigerian public, in the years ahead.[48]

Finally, the paper concludes that while the PIA has provided a promising legal framework for integrating host communities into governance benefits of Nigeria petroleum industry, the achievement of sustainable development, environmental justice and lasting peace in the oil producing communities will depend on faithful implementation, continuous stakeholders collaboration and robust institutional oversight to ensure compliance in the oil and gas industry in Nigeria.

Based on the findings of this article and on the basis of the foregoing analysis, this article advances the following recommendations for ensuring that the Host Communities Development Trust fulfils its transformative potential. Host communities must be actively involved in the planning, implementation, monitoring and evaluation of projects funded through the host communities' development trust. Community members must partake in needs assessments and decision making process to ensure that projects reflect local priorities.

The management of HCDTs should adopt strict financial accountability measures, including annual reports, project expenditures, and periodic stakeholder engagement meetings in the same vein, independent auditors and civil society organizations should be engaged to monitor fund utilization.

The regulatory authorities must establish clear, fair, and transparent criteria for determining host community status and resolving disputes about which communities qualify for inclusion in a particular Trust. Without definitional clarity, the framework's legitimacy will be perpetually contested.

The selection processes for Boards of Trustees must be genuinely democratic and community-driven, with robust safeguards against elite capture. Community members must have effective mechanisms to recall underperforming trustees and demand transparent reporting.

[48]United Nations Development Programme, *Niger Delta Human Development Report* (UNDP 2006) 76.

Capacity-building support must be provided to community trustees to ensure they possess the skills necessary to manage development resources prudently, evaluate project proposals, and hold contractors accountable.

Comparatively and drawing on Brazil's experience, consideration should be given to complementing the Host Communities Development Trust with a direct fiscal mechanism allocating a portion of petroleum revenues to local government authorities in oil-producing areas, ensuring that public infrastructure and services are sustainably financed beyond the life of Trust-funded projects.

Civil Society Organizations and the media must be empowered to monitor Trust activities and report irregularities to regulatory authorities. Ghana's experience demonstrates the value of institutionalized civic oversight in preventing the mismanagement that plagued OMPADEC and NDDC.[49]

The Federal Government should consider reviewing 3% contribution requirement where necessary to ensure that the funding is adequate to address the extensive developmental and environmental challenges facing host communities in the oil producing areas of Nigeria,

Finally, for the Host Communities Development Trust to achieve its intended objectives under the Act, emphasis must be placed on transparency, inclusiveness, accountability, environmental sustainability and genuine community ownership. Only through these measures can the trust become an effective instrument for sustainable development, conflict reduction and equitable benefit sharing in the Nigerian oil and gas industry and oil producing communities in Nigeria.



[49]Constitution of the Federal Republic of Nigeria 1999 (as amended), s 16(2).